Associated Press, February 15, 2006

WASHINGTON - The high cost of sugar in the United States has driven thousands of candy jobs from Illinois and elsewhere abroad, the Bush administration said in a Valentine's Day report.

The Commerce Department report sought by Rep. Mark Kirk, R-Ill., blames federal farm programs that keep sugar prices higher in the U.S. than in other countries.

"Increasingly, all of those wonderful chocolates we're buying our sweetheart are manufactured in Canada instead of the U.S., where they've traditionally been made," said Frank Lavin, the department's under secretary for U.S. trade.

"Our point is, the vast majority of those job losses took place because of sugar prices," Lavin said.

U.S. Food companies pay more than double what their foreign competitors pay for sugar, the Commerce Department said. High sugar prices have cost the U.S. at least 6,400 jobs since 2000, according to the report. There have been 10,000 job losses in candy, breakfast cereal and other sugared food since 1997, the report said.

The losses hit the Chicago area particularly hard, according to the report. There, the confectionary industry has seen employment drop 30 percent since 1991, the report said.

One example in the report is Brach's Confections Inc., maker of top-selling candy corn and jelly beans, which closed its Chicago plant in 2004. Brach's kept a manufacturing plant in Tennessee but also opened one in Mexico.

However, company spokeswoman Julie Daniels said Tuesday the closure "was based on lots of factors and could not be pinned specifically on sugar pricing."

The company pays less in wages, health care and taxes in Mexico, a sugar growers' group said. The group pointed out that manufacturing jobs are disappearing across all sectors of the economy, not just in food and candy.

"Yet for some reason we allow one tiny sector to single out sugar farmers and use them as a scapegoat," said Phillip Hayes, spokesman for the American Sugar Alliance.

Unlike other farm programs, the government spends no money on U.S. sugar policy, Hayes said.

Kirk retorted that sugar growers extract the money directly from Americans.

"And they've done this, not only charging consumers higher prices but doing it at the expense of employers that process food," Kirk said. "The federal government has mandated that one of the key ingredients cost more in the U.S. than anywhere else."

The government keeps sugar prices high by limiting imports and restricting how much sugar can be sold domestically.

The program protects farmers and ensures a steady sugar supply, but it also means that food manufacturers and consumers pay more than if there were no restrictions on imports.

The price of sugar is currently about 34 cents a pound. The world price is 18.58 cents a pound, according to the New York Board of Trade. Most sugar is never traded on the open market, Hayes said; it's consumed in the country where it's produced.